

KENTUCKY HEALTH BENEFIT EXCHANGE ADVISORY BOARD

Small Employer Health Options Program (SHOP) Subcommittee

Meeting Minutes

March 14, 2013

Call to Order and Roll Call

The seventh meeting of the SHOP Subcommittee was held on Thursday, March 14, 2013, at 1:30 p.m. in the Small Conference Room at the Office of the Kentucky Health Benefit Exchange. Carrie Banahan, Executive Director, Office of the Kentucky Health Benefit Exchange, acting on behalf of Jeffrey Bringardner, Chair, called the meeting to order at 1:30 p.m., and the Secretary called the roll.

Subcommittee Members Present: Edward Erway (by phone), Carl Felix, Harry Hayes, Connie Hauser (by phone), Dr. Larry Tinius (by phone), and Bob Weiss

Staff Present: Carrie Banahan, Reina Diaz-Dempsey, Miriam Fordham, Wanda Fowler, Vanessa Petrey, Melea Rivera, Brian Staples (DOI), and Maggie Woods (DOI).

Addition of New Members

Carrie Banahan introduced Wayne Barber as a new member of the subcommittee.

Approval of Minutes

A motion was made to accept the minutes of the February 14, 2013, meeting as submitted, seconded, and approved by voice vote.

Valid Employee Waivers

The subcommittee reviewed a list of recommended valid employee waivers prepared by the Office of the Kentucky Health Benefit Exchange (KHBE). The recommendations were approved by the subcommittee. Valid waivers will include: coverage by another employer, a spouse, an individual health plan, Medicare, Medicaid, CHIP, Tricare or other veteran's coverage and an individual residing outside the service area of the employer.

Extending Open Enrollment at Request of Employers

The subcommittee discussed extending open enrollment beyond the 30 required days at the request of the employer. This would allow an employer who was unable to meet the 75 percent group participation additional time to encourage employees to enroll in a qualified health plan (QHP). A motion was made that at an employer's request, open enrollment could be extended to no more than 15 days, seconded, and approved by voice vote.

Individual Rating vs. Composite Rating

Carrie Banahan, Executive Director, KHBE, briefed the subcommittee on how other states are determining the employer contribution. The majority of states surveyed will be basing the employer contribution on individual rates. The Federally-facilitated SHOP Exchange will base

the employer contribution on individual rates but an employer can request that contributions be based on a calculated composite rate.

The subcommittee reviewed the recommendation approved by the KHBE Advisory Board on January 17, 2013, that an employer may select a reference plan and contribute a minimum of 50 percent for a single-only policy based on the reference plan. The recommendation does not clearly define the rate that is to be used for the contribution. If an employer were to pay 50 percent of each employee's premium, he or she would have a difficult time budgeting. The use of a reference plan helps to mitigate some of the uncertainty for an employer. The uncertainty can be further alleviated by picking a reference plan, calculating the average cost of that plan for all individuals in the plan, and basing the employer contribution on that average.

Any decision made by the subcommittee will need to satisfy the requirements in Internal Revenue Service Notice 2010-82. The notice details the uniformity requirements for employer contributions. The guidance provides several options available for employers that make use of a reference plan and composite rating. An employer will have to decide what method of making a contribution is best for him or her.

The KHBE staff will do additional research on this issue and bring back recommendations to the subcommittee for further discussion.

Update and Discussion of Final and Proposed Federal Regulations

Ms. Banahan updated the subcommittee on a final market rule regarding guaranteed availability of coverage (45 C.F.R. 147.104). Under the regulation, participation and contribution rules would be waived during an open enrollment period to be held annually from November 15 through December 15. The subcommittee members do not wish to pursue this option for the KHBE SHOP Exchange.

New proposed rules for SHOP were issued by the U.S. Department of Health and Human Services. The rules will require a change in special enrollment periods. The provisions will be incorporated into the design of the KHBE SHOP Exchange. Premium aggregation was also made optional for 2014, but the KHBE has incorporated this function in its design of the SHOP Exchange for 2014.

Appointment of Agents

Ms. Banahan briefed the subcommittee on an issue raised in the Navigator/Agent subcommittee. The question arose as to whether the Exchange should have a policy on the appointment of agents. The policy would need to be consistent on the individual exchange and the SHOP Exchange. In the SHOP Exchange, employees will be limited to the agent chosen by the employer.

A proposal was presented at the Navigator/Agent subcommittee that the Exchange requires appointments to all issuers, with the condition that an agent could not be terminated for low volume. Issuers have been surveyed on this issue, but all responses have not been received by the Exchange. A recommendation was made to wait until all surveys are returned and that consensus be built around the responses.

Department of Insurance Agent Database

The KHBE met with the Department of Insurance (DOI) to flush out how the Exchange could interface with the agent database maintained by the DOI. The DOI is the system of record in the state and maintains records regarding the DOI's regulatory authority of agents. To participate in the Exchange, an agent must be in good standing with the DOI, participate in training, and enter into a written agreement with the Exchange. The KHBE will be working out how to take advantage of existing information that the DOI has in its database and populate the Exchange database.

Other Business

An administrative regulation for the SHOP is being drafted by the KHBE and will be available to members on April 8, 2013.

The next meeting of the subcommittee was scheduled for Thursday, April 11, 2013, at 2:00 p.m. in the Small Conference Room at the Office of the Kentucky Health Benefit Exchange.

Adjournment

The meeting was adjourned at 2:45 p.m.